PERMIT

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AUTHORIZING

POWER AUTHORITY OF THE STATE OF NEW YORK

TO CONSTRUCT, OPERATE, MAINTAIN AND CONNECT

ELECTRIC TRANSMISSION FACILITIES

AT THE INTERNATIONAL BORDER BETWEEN

THE UNITED STATES AND CANADA

(Federal Power Commission-Docket No. E-8414)

Power Authority of the State of New York (hereinafter referred to as Permittee), a body corporate and political subdivision of the State of New York, with its principal place of business at New York, New York, in an application filed on September 21, 1973, as supplemented on July 8, 1974, in Docket No. E-8414, requested permission, pursuant to Executive Order No. 10485, dated September 3, 1953, to construct, operate, maintain and connect at the international border between the United States and Canada the facilities described in Article 2 below for the transmission of electric energy between the United States and Canada.

The Secretary of State by letter dated and the Secretary of Defense by letter dated favorably recommended that the Permit be granted herein as hereinafter provided.

Upon consideration of this matter, the Commission finds that the issuance of the Permit as hereinafter provided is appropriate and consistent with the public interest.

Pursuant to Section 7(d) of the Energy Supply and Environmental Coordination Act of 1974 (Public Law 93-319, approved June 22, 1974, 88 Stat. 246), the provisions of Executive Order No. 10485, dated September 3, 1953, and the Commission's Rules and Regulations under said order, permission is hereby granted to Permittee to construct, operate, maintain and connect the electric transmission facilities described in Article 2 below at the international border between the United States and Canada upon the conditions hereinafter set forth.

Article 1. The facilities herein described shall be subject to all conditions, provisions and requirements of this Permit. This Permit may be modified or revoked by the President of the United States or by the Commission, and may be amended by the Commission on proper application therefor.

Article 2. The facilities covered by and subject to this Permit shall include, in addition to the following, all lands and supporting structures within the rights-of-way occupied by such facilities:

One three-phase, 60 hertz, 765,000 volt overhead transmission line supported on a steel lattice tower located approximately two miles east of the Village of Fort Covington, Franklin County, New York, and extending to the international border, there connecting with a like line owned by the Quebec Hydro-Electric Commission and located in the Province of Quebec;

which facilities are more specifically shown and described in the application and accompanying exhibits heretofore filed in this matter by Permittee. No substantial change shall be made in the above-described facilities and operation thereof authorized by this Permit unless and until such change shall have been approved by the Commission.

Article 3. The operation, maintenance and connection of the aforesaid facilities shall be subject to the inspection and approval of the Division Engineer, Corps of Engineers, United States Army in , who is in charge of the district affected herein, and a representative of the Commission, both of whom shall be authorized representatives of the United States for such purposes. Permittee shall allow officers or employees of the United States showing proper credentials free and unrestricted access into, through and across any lands occupied by said facilities in the performance of their official duties.

Article 4. In the operation, maintenance and connection of the facilities herein specified, Permittee shall place and maintain suitable structures to reduce to a resonable degree the possibility of contact or inductive interference between such facilities and any other facilities not owned by Permittee.

Article 5. Permittee shall comply promptly with any regulations or instructions affecting the facilities, or any part thereof, owned by it and covered by this Permit which may be issued by the President of the United States or any government department or agency of the United States for the aid and protection of aerial navigation.

Article 6. Permittee shall be liable for all damages occasioned to the property of others by the operation, maintenance, and connection of the facilities owned by it and covered by this Permit, and in no event shall the United States be liable therefor. Permittee shall do everything reasonably within its power to prevent or suppress fires on or near any land occupied under this Permit.

Article 7. Permittee shall arrange for the installation and maintenance of adequate metering equipment to measure the flow of all electric energy transmitted between the United States and Canada over the afore-described line authorized herein; shall make, keep and preserve full and complete records with respect to the movement of such energy; and shall furnish in triplicate to the Commission, with respect to such transmission of energy, reports annually on or before February 15, showing, with respect to the afore-described line authorized herein, the gross amount of kilowatt-hours received or delivered, the maximum rate of transmission in kilowatts, and the consideration paid or received therefor during each month of the preceding calendar year.

Article 8. Neither this Permit nor the facilities, or any part thereof, covered by this Fermit, shall be transferable or assignable, but in the event of the involuntary transfer of the facilities by operation of law (including such transfers to receivers, trustees, or purchasers under foreclosure or judicial sale) the Permit shall continue in effect temporarily for a reasonable time thereafter pending the making of an application for a new Permit and decision thereon, provided notice is promptly given in writing to the Commission accompanied by a statement that the facilities authorized by this Permit remain substantially the same as before the transfer. Permittee shall maintain the facilities, or any part thereof, owned, operated, maintained and connected by it, as described above, in a condition of repair for the efficient operation of said facilities in the transmission of electric energy, and shall make all necessary renewals and replacements.

Article 9. Upon the termination, revocation or surrender of this Permit, the facilities herein authorized, which are owned, operated, maintained and connected by Permittee, shall be removed within such time as the Commission may specify and at the expense of Permittee. Upon failure of Permittee to remove such facilities or any portion thereof, the Commission may direct that possession of the same may be taken and the facilities removed at the expense of Permittee, and Permittee shall have no claim for damages by reason of such possession or removal.

Article 10. When in the opinion of the President of the United States, evidenced by a written order addressed to Permittee, the safety of the United States demands it, the United States shall have the right to enter upon and take possession of the facilities, or any part thereof, owned, operated, maintained and connected by Permittee under this Permit, and all contracts covering the transmission of electric energy by means of said facilities, or any part thereof, and shall retain possession, management and control thereof for such length of time as may appear to the President to be necessary to accomplish said purpose and then restore possession and control to Permittee; and in the event that the United States shall exercise such right, it shall pay to Permittee just and fair compensation for the use of said facilities as may be fixed by the Commission upon the basis of a reasonable profit in time of peace and the cost of restoring said facilities to as good condition as existed at the taking over thereof, less the reasonable value of any improvements that may be made thereto by the United States and which are valuable and serviceable to Permittee.

IN WITNESS WHEREOF, I, have hereunto signed my name this day of the City of Washington, District of Columbia.

Chairman of the Federal Power Commission

Sept 13, 1974